

**STATE OF LOUISIANA**

**DEPARTMENT OF ENVIRONMENTAL QUALITY**

**IN THE MATTER OF:**

**KERR-MCGEE OIL & GAS ONSHORE LP  
FORMERLY KNOWN AS  
WESTPORT OIL AND GAS COMPANY, LP  
AI # 125556 AND 125861**

**PROCEEDINGS UNDER THE LOUISIANA  
ENVIRONMENTAL QUALITY ACT  
LA. R.S. 30:2001, ET SEQ.**

\* **Settlement Tracking No.**  
\* **SA-AE-05-0047**  
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\* **Enforcement Tracking No.**  
\* **AE-PP-05-0065**  
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**SETTLEMENT**

The following Settlement is hereby agreed to between Kerr-McGee Oil & Gas Onshore LP , formerly known as Westport Oil and Gas Company, L.P., ("Respondent") and the Department of Environmental Quality ("DEQ" or "the Department"), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. ("the Act").

**I**

Respondent is a limited partnership who operates oil and gas production facilities known as:

- 1) R. H. Schuh, et al No. 2 Production Facility – Lawson Field located approximately one and three quarter miles northwest of Crowley, in Acadia Parish, Louisiana. The facility currently operates under Standard Oil and Gas Air Permit No. 0040-00133-00 issued November 15, 2004; and
- 2) International Paper 32H No. 1 Production Facility – Benson Field located approximately twelve and one quarter miles southwest of Logansport in De Soto Parish, Louisiana. The facility currently operates under Standard Oil and Gas Air Permit No. 0760-00209-00 issued January 3, 2005.

**II**

On May 3, 2005, the Department issued to Respondent a Notice of Potential Penalty,

Enforcement No. AE-PP-05-0065 which was based upon the following findings of fact:

A) During the course of a file review on March 21, 2005, of the R. H. Schuh, et al No. 2

Production Facility – Lawson Field (Agency Interest No. 125556), the following violation was noted:

The Respondent owned and/or operated the facility from January 1, 2002 through January 3, 2005, prior to receiving an air permit. The construction, modification, or operation of a facility which may ultimately result in an initiation or increase in air contaminants prior to the approval by the permitting authority is a violation of LAC 33:III.501.C.2, and Sections 2057(A)(1) and 2057(A)(2) of the Act.

B) During the course of a file review on March 21, 2005, of the International Paper 32H No. 1

Production Facility – Benson Field (Agency Interest No. 125861), the following violation was noted:

The Respondent owned and/or operated the facility from January 1, 2002 through January 3, 2005, prior to receiving an air permit. The construction, modification, or operation of a facility which may ultimately result in an initiation or increase in air contaminants prior to the approval by the permitting authority is a violation of LAC 33:III.501.C.2, and Sections 2057(A)(1) and 2057(A)(2) of the Act.

### III

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties.

### IV

Nonetheless, Respondent, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, a payment in the amount of FIVE THOUSAND AND NO/100 DOLLARS (\$5,000.00), of which ONE HUNDRED TWENTY EIGHT AND 62/100 DOLLARS (\$128.62) represents DEQ's enforcement costs, in settlement of the claims set forth in this agreement. The total amount of money expended by Respondent on cash payments to DEQ as described above, shall be considered a civil penalty for tax purposes, as required

required by La. R.S. 30:2050.7(E)(1).

V

Respondent further agrees that the Department may consider the inspection report(s), the Notice of Potential Penalty and this Settlement for the purpose of determining compliance history in connection with any future enforcement or permitting action by the Department against Respondent, and in any such action Respondent shall be estopped from objecting to the above-referenced documents being considered as proving the violations alleged herein for the sole purpose of determining Respondent's compliance history.

VI

This agreement shall be considered a final order of the secretary for all purposes, including, but not limited to, enforcement under La. R.S. 30:2025(G)(2), and Respondent hereby waives any right to administrative or judicial review of the terms of this agreement, except such review as may be required for interpretation of this agreement in any action by the Department to enforce this agreement.

IX

This settlement is being made in the interest of settling the state's claims and avoiding for both parties the expense and effort involved in litigation or an adjudicatory hearing. In agreeing to the compromise and settlement, the Department considered the factors for issuing civil penalties set forth in LSA- R. S. 30:2025(E) of the Act.

X

The Respondent has caused public notice advertisements to be placed in the official journals of the parish governing authorities in Acadia Parish and De Soto Parish, Louisiana. The advertisements, in form, wording, and size approved by the Department, announced the availability

of this settlement for public view and comment and the opportunity for a public hearing. Respondent has submitted a proof-of-publication affidavit to the Department and, as of the date this Settlement is executed on behalf of the Department, more than forty-five (45) days have elapsed since publication of the notice.

## XI

Payment is to be made within thirty (30) days from notice of the Secretary's signature. If payment is not received within that time, this Agreement is voidable at the option of the Department. Payments are to be made by check, payable to the Department of Environmental Quality, and mailed or delivered to the attention of Darryl Serio, Office of Management and Finance, Financial Services Division, Department of Environmental Quality, Post Office Box 4303, Baton Rouge, Louisiana, 70821-4303. Each payment shall be accompanied by a completed Settlement Payment Form (Exhibit A).

## XII

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

## XIII

Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement Agreement on behalf of his/her respective party, and to legally bind such party to its terms and conditions.

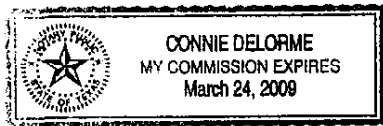
KERR-MCGEE OIL & GAS ONSHORE LP

BY: Tom Freest  
(Signature)

TOM FREEST  
(Printed or Typed)

TITLE: ATTORNEY-IN-FACT

THUS DONE AND SIGNED in duplicate original before me this 27th day of April, 20 06, at 3:00 pm.



Connie Delorme  
NOTARY PUBLIC ( )

Connie Delorme  
(Printed or Typed)

LOUISIANA DEPARTMENT OF  
ENVIRONMENTAL QUALITY  
Mike D. McDaniel, Ph.D., Secretary

BY: Harold Leggett  
(Harold Leggett, Ph.D., Assistant Secretary  
Office of Environmental Compliance)

THUS DONE AND SIGNED in duplicate original before me this 5th day of May, 20 06, at Baton Rouge, Louisiana.

[Signature]  
NOTARY PUBLIC (La. B. #20456)

Terrell A. Blythe  
(Printed or Typed)

Approved: Harold Leggett  
Harold Leggett, Ph.D., Assistant Secretary